

**Opening Statement of the Honorable Fred Upton  
Subcommittee on Energy and Power  
Hearing on "The American Energy Initiative:  
A Focus on Rising Gasoline Prices"  
March 7, 2012**

Many factors contribute to the high price of gasoline. Some, like Middle East instability and rising global demand, are largely outside of the federal government's control. For that reason, it is absolutely critical to get right those things that we can control. None of America's pain at the pump should be self-inflicted, which is why we must do more to increase domestic and North American oil supplies, and to streamline the federal regulatory burden on gasoline.

With prices zeroing in on \$4.00 a gallon, President Obama has begun to say some of the right things about high gas prices. But he continues to do all of the wrong things. In fact, the president's approach has not changed since he took office in January of 2009. Gas was around \$1.85 per gallon back then, and one of the president's very first initiatives, before Deepwater Horizon, was to cancel many oil leases on federal lands. And his 2012-2017 Offshore Leasing Plan re-imposes the moratorium that Congress and the White House lifted back in 2008. So much for that progress.

The administration's hostility towards domestic drilling has not changed, only his rhetoric has. The president now boasts that domestic drilling is up - but he neglects to mention that the increase is due to production on private and state-owned lands where federal regulators have little to no power to block drilling. Production actually declined on federal lands from 2010 to 2011, and the administration has offered up no policy changes that would reverse this disturbing trend.

Some in Washington claim that producing more domestic oil won't make any difference in prices, but the American people know better. The American people also know better when it comes to the Keystone XL pipeline expansion project that would allow more Canadian oil to reach American market.

Compare the rejection of Keystone XL to something the president did approve last June - tapping the Strategic Petroleum Reserve for 30 million barrels. However, the SPR is not a new supply of oil, it is a stockpile previously set aside for an emergency. And it can only be tapped for a short while, and then would need to be replenished - which the president hasn't by the way. In contrast, Keystone XL would represent a genuine addition to our nation's oil supply, and one that would last for decades rather than months. Rarely has the contrast between a real solution and a gimmick been more clear than between Keystone XL and the SPR.

The president also said many of the right things about regulatory reform in his Executive Order 13563, entitled "Improving Regulation and Regulatory Review." His directive that federal agencies carefully scrutinize the cost of any new regulations while streamlining or repealing existing ones would be a great policy to apply to gasoline-related measures. But it has not happened.

In the year since this Executive Order was issued, there has been virtually no effort to try to reduce the regulatory burden that raises the cost of refining oil into gasoline. Instead, the administration is hard at work piling costly new measures on top of the existing ones,

including upcoming Tier 3 gasoline regulations and New Source Performance standards targeting greenhouse gases from refineries.

Some may scratch their heads and pretend that the closure of several East Coast refineries is some kind of mystery. But it is no mystery to me that existing and anticipated future regulatory costs are a key contributor. At the very least, we need to hold the line against additional regulations likely to raise the cost of producing gasoline.

As an added bonus, the things we can and should be doing to help bring down gasoline prices – like increasing North American oil supplies and streamlining the regulatory burden – also happen to create jobs. On the other hand, pursuing non-solutions like tax increases or tapping the SPR won't solve our need for energy or for jobs. In any event, I look forward to working on any proposals likely to give the American people a break at the pump.

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